

**DEALING WITH POLITICAL FERMENT IN
LATIN AMERICA:
THE POPULIST REVIVAL, THE EMERGENCE OF
THE CENTER,
AND IMPLICATIONS FOR U.S. POLICY**

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September 2009

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This manuscript was funded by the U.S. Army War College External Research Associates Program. Information on this program is available on our website, *www.StrategicStudiesInstitute.army.mil*, at the Publishing button.

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ISBN 1-58487-408-2

FOREWORD

The political scene in Latin America has undergone striking changes in the past 10 years. Frustration with poverty, corruption, and citizen insecurity is widespread; so too is political and ideological ferment. Given Latin America's strategic importance to the United States, these changes and their diplomatic ramifications should be of considerable interest to American policymakers.

In this monograph, Dr. Hal Brands analyzes current political dynamics in Latin America and evaluates their meaning for the United States. He argues that references to a uniform "left turn" in the region are misleading, and that Latin America is in fact witnessing a dynamic competition between two very different forms of governance. The first is radical populism. Represented by leaders like Hugo Chávez, Evo Morales, and others, it emphasizes the politics of grievance and a penchant for extreme solutions. The second is moderate, centrist governance. It can be found in countries like Chile, Brazil, Mexico, Colombia, and Uruguay. It stresses diplomatic pragmatism, the protection of democratic practices, and the need to blend macroeconomic responsibility with a social conscience. To the extent that the United States can strengthen the centrists while limiting the damage caused by radical populism, Brands argues it can promote integral growth, democratic stability, and effective security cooperation in Latin America.

At this time of flux in Latin American politics, gaining a clear understanding of the trends discussed in Brands' monograph is essential to devising appropriate U.S. policies toward that region. The Strategic Studies Institute is thus pleased to offer this monograph as a contribution to informed debate on these subjects.


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SUMMARY

Over the past decade, Latin America has experienced considerable political upheaval. Persistent poverty, corruption, and public insecurity have produced profound popular dissatisfaction and caused widespread ideological ferment. While the electoral results of this ferment are frequently described as a “lurch to the left,” such descriptions are misleading. Latin America is not experiencing a uniform shift to the left; it is witnessing a competition between two very different political trends.

The first trend is radical populism. Leaders like Hugo Chávez, Evo Morales, Rafael Correa, and others angrily condemn the shortcomings of capitalism and democracy, and frame politics as a struggle between the “people” and the “oligarchy.” They promote prolific social spending, centralize power in the presidency, and lash out at Washington. This program is, in some ways, strategically problematic for the United States. Populist policies ultimately lead to authoritarianism, polarization, and economic collapse, and certain populist leaders have openly challenged U.S. influence and interests in Latin America.

Yet it would be a mistake to overestimate the dangers posed by radical populism. There are limits to the more threatening aspects of populist diplomacy, and, despite their anti-American rhetoric, populist leaders in Ecuador, Nicaragua, and Argentina have continued to cooperate with Washington on a number of issues. More importantly, taking too dire a view of the current situation risks ignoring the effects of the second essential trend in Latin American politics: the rise of the center.

On both center-left and center-right, leaders in countries like Chile, Brazil, Uruguay, Mexico, and Colombia have responded to the present crisis in Latin America by emphasizing moderation rather than radicalism. They mix market-oriented economic policies with creative social reforms, protect democratic practices, and confront the long-standing shortcomings of the Latin American state. They pursue pragmatic foreign policies, stressing cooperation rather than confrontation with the United States.

While the political climate in Latin America presents challenges for the United States, it also offers opportunities. Going forward, U.S. interests will best be served by a strategy that: (1) limits the fallout caused by populist diplomacy; (2) empowers moderate leaders; and (3) supports a longer-lasting campaign to address social and economic conditions conducive to political radicalism.

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INTRODUCTION

A decade ago, nearly all of Latin America seemed to be converging toward a single political and economic model. Governments throughout the region had discarded the discredited policies of import-substitution industrialization (ISI) in favor of neoliberalism and the Washington Consensus. Everywhere but Cuba, democracy was on the march, and the dictators were in retreat. It seemed that the fierce ideological struggles of the 20th century had ended in the outright triumph of democracy and capitalism. As one observer put it, Latin America had reached “the end of politics.”¹

Ten years later, much has changed. Market-oriented policies produced macroeconomic gains for many Latin American countries, but failed to alleviate persistent poverty and, in some respects, actually exacerbated the plight of the poorest. Democracy led to significant human rights gains and made governments more accountable to their citizens, but has not yet produced the tangible quality-of-life improvements that many residents of the region expected. Misery, instability, corruption, and public insecurity remain rampant, giving rise to sharp public frustration and producing intense political and ideological ferment.

The electoral results of this ferment are frequently described as a “left turn” or a “lurch to the left.”² There is, at some level, plenty of evidence to support this view. Parties traditionally associated with the left have come to power in numerous countries throughout Central

and South America. Politicians across the region have laid greater stress on the need for social and economic equity and meaningful political inclusion of the poor. More dramatically, leaders like Hugo Chávez have adopted the language of the radical left in condemning capitalism, rolling back neoliberal reforms, and calling for the establishment of “21st century socialism.”

Latin America is undoubtedly undergoing important political and ideological shifts. Nonetheless, references to a “pink tide” sweeping the region obscure more than they reveal.³ Latin America is not experiencing a uniform shift to the left; it is, rather, witnessing a competition between two very different political trends.

The first is a revival of radical populism. A cohort of charismatic leaders--namely Chávez in Venezuela, Evo Morales in Bolivia, Rafael Correa in Ecuador, Daniel Ortega in Nicaragua, and Nestor Kirchner and Cristina Fernández de Kirchner in Argentina--has catalyzed public resentment to resurrect that venerable tradition as a major force in regional affairs. These leaders angrily condemn the shortcomings of capitalism and democracy, and frame politics as a fierce struggle between the “people” and the “oligarchy.” They often nationalize industry and use prolific social spending to reward their followers and create clientelistic relations with the poor. They argue that representative democracy must give way to a more personalistic system, and centralize power in the presidency accordingly. They lash out at the United States and globalization, giving their rhetoric--and sometimes their policies--a distinctly nationalistic feel.

The populist revival is by far the most striking political trend at work in Latin America and has occasioned hyperbolic statements from supporters

and detractors alike. One admirer describes this movement as “nothing less than a new historical moment,” a unified effort “to free the region from the iron grip of global monopoly finance capital centered in the North.”⁴ Another observer describes an “anti-American populist backlash . . . south of our border” with deeply negative consequences for U.S. security.⁵ In a more sober analysis, Peter Hakim of the Inter-American Dialogue considers the effects of radical populism in asking, “Is Washington losing Latin America?”⁶

There is little question that the resurgence of radical populism is strategically problematic for the United States. At the domestic level, while populist policies do bring immediate benefits to the poor, they ultimately lead to authoritarianism, polarization, unsustainable economic practices, and the general destabilization of the country in question--an outcome that hardly bodes well for U.S. interests. At the diplomatic level, populist rhetoric has a toxic effect on the overall tenor of inter-American relations. Certain populist leaders have restricted cooperation on regional security issues, sought to undermine U.S. influence in Latin America, and (in Chávez’s case) pursued blatantly interventionist policies toward their neighbors.

Yet it would be a mistake to overestimate the dangers posed by the populist revival. There is little reason to believe that Chávez will be successful in dramatically altering the regional balance of power. His shrill diplomacy has alienated potential allies; his efforts to spread Venezuelan influence and temper U.S. power have had only mixed results. Perhaps more important, there is greater ambiguity to the foreign policies of leaders like Correa, Ortega, and the Kirchners than initially seems to be the case. These presidents are

strongly anti-American in rhetoric, and have each taken actions that detract from U.S. security objectives. At the same time, they have quietly cooperated with Washington on several important issues and seem to be striking a balance between this imperative and the more radical aspects of populist diplomacy. To the extent that the United States can identify possibilities for useful collaboration with these leaders, it may be able to protect key U.S. interests in the region and limit the diplomatic fallout from the populist revival.

Taking too dire a view of the current situation also risks ignoring the effects of the second essential trend in Latin American politics: the emergence of the center. On both center-left and center-right, several leaders have responded to the present crisis of governance in Latin America in ways far more constructive than their populist counterparts. They mix market-oriented economic policies with creative social reforms, protect democratic practices and procedures, and confront the long-standing shortcomings of the Latin American state. They seek to avoid polarization rather than to foment it. Instead of promising “maximalist” solutions to entrenched problems, they recognize the need for measured, persistent reform. Finally, these governments are eminently pragmatic with respect to foreign policy, and pursue their national interests in a way that emphasizes the benefits of cooperation rather than the inevitability of confrontation with the United States.

This trend toward what Javier Santiso calls “possibilist trajectories” is apparent in numerous Latin American countries, most notably Chile, Brazil, Uruguay, Mexico, and Colombia. The achievements of these governments vary considerably by country, and what gains they have made are often overshadowed

by the more controversial exploits of the populists. Nonetheless, if the centrist tendency can be sustained and strengthened, the eventual results will only be favorable to regional stability, sustainable economic development, and the advancement of U.S. interests.⁷

While the political climate in Latin America presents challenges for the United States, it thus offers considerable opportunities as well. Going forward, U.S. interests will best be served by a three-pronged strategy for managing political ferment in the region. First, the United States should, through engagement where possible and carefully calibrated firmness where necessary, seek to minimize the diplomatic fallout caused by populist foreign policies. Second, the United States should empower moderate, responsible leaders on both center-left and center-right as a way of strengthening constructive alternatives to populism. Third, the United States must make support for these centrist governments part of a larger, longer-lasting campaign to address public insecurity, economic underperformance, official corruption, extreme poverty, and other conditions conducive to political radicalism. If the United States can forge a holistic strategy along these lines, it may be able to turn the current challenge from the radical populists into an opportunity to promote integral growth, democratic stability, and effective security cooperation in Latin America.

EXPECTATIONS UNMET

The current ferment has its roots in the unfulfilled promise of the two signal developments in regional affairs since the late 1970s: democratization and neoliberal economic reform. Beginning in 1978 and concluding with the Mexican elections of 2000, Latin

American went democratic. At the former date, there were only four countries in the region that could plausibly be termed democratic; after the latter event, only Castro's Cuba remained indisputably authoritarian. At roughly the same time, Latin American countries undertook major structural economic changes. In an effort to break away from the inefficiencies of ISI and escape the wicked financial instability exposed by the debt crisis of the late 1970s and 1980s, Latin American countries embraced the market. They slashed tariffs, privatized state-run industries, and cut social spending. They encouraged exports, liberated currency flows, courted foreign investment, and signed free trade agreements. The free-market ethos of these changes was well expressed by Salvadoran president Armando Calderon, who declared that he wanted to turn his country into "one big free zone," "the Hong Kong of Central America."⁸

At the time and since then, free elections and free markets were touted as antidotes to the economic underperformance and bad governance that have long afflicted Latin America. In some ways, these expectations were not entirely unwarranted. Human rights violations fell dramatically as elected governments replaced repressive military regimes, and by the early 1990s Latin Americans were, on average, safer from the threat of state-sponsored terror than they had been for decades. Democratization offered new avenues for social activism, opposition protest, and the peaceful resolution of internal disputes, and made Latin American politics a less deadly game.⁹

Neoliberal reforms also proved beneficial, having a number of salutary macroeconomic effects. Market-oriented policies led to region-wide increases in trade and investment and dramatic declines in foreign debt.

Inflation, which reached catastrophic proportions during the debt crisis, fell to a manageable 14 percent during the 1990s. Neoliberalism also helped revive growth after the disastrous contractions of the 1980s. Latin America averaged 3.5 percent growth during the 1990s (hardly a spectacular figure, but far better than the negative growth that marred the previous decade), and Chile's mark of 6.7 percent placed it among the world's leaders. In 2005, Latin American economies grew at an average of 5 percent, the best record in a quarter-century.¹⁰

For ordinary Latin Americans, however, the results have been far from satisfying. Neither democracy nor neoliberalism has done much to alleviate the ills that plague their day-to-day existence: governmental corruption, drug trafficking, organized crime, and a weak rule of law, among others. Nor have they redressed what one historian calls Latin America's "original sin": crushing poverty and social injustice.¹¹ Poverty statistics from the region are somewhat improved since the advent of the neoliberal model, but remain appalling: 213 million Latin Americans (40.6 percent of the population) live in poverty; 88 million earn less than \$1 per day. Basic health services elude 150 million Latin Americans; 130 million lack access to clean water. Latin America's Gini coefficient is roughly one-third higher than the world average, and chronic poverty (the passing down of poverty from one generation to the next) is so rampant that 80 percent of Latin Americans believe that "connections--not hard work--are the single most important ingredient to success." As one scholar explains, "People trapped in poverty have learned that it is rather hopeless to try to escape."¹²

In certain respects, the combination of neoliberal reform and a weak state apparatus actually served to exacerbate inequality and popular hardship. Drastic cutbacks in social spending helped restore fiscal stability but also increased the burdens on the poorest. The sell-off of major industries to the wealthy broke up ineffective state monopolies but, in the absence of redistributive tax mechanisms, also led to a further concentration of income in many countries. The opening of Latin American economies aided the growth of export-oriented enterprises, but frequently entailed layoffs or wage cuts for workers in sectors that were now exposed to unprecedented foreign competition. Similarly, the brunt of the financial crises that struck Mexico, Brazil, Argentina, and other countries during the 1990s and early 2000s--the severity of which was compounded by capital flight, speculative investment, and other byproducts of neoliberal reform--fell hardest on the poor and the middle class. As one U.S. diplomat later acknowledged, neoliberalism was "fixed for the people on top," with those below seeing far fewer benefits.¹³

The resulting popular disillusion has been striking in its breadth and intensity. Confidence in democracy is down since the initial optimism of the 1990s, as growing numbers of citizens conclude (Freedom House reports) that "the anticipated pay-off in an enhanced quality of life has not materialized."¹⁴ According to the annual *Latinobarómetro* Report, 69 percent of Latin Americans believe that their country "is governed for the benefit of a few powerful groups," and only 38 percent say that they are "very satisfied" or "fairly satisfied" with the way democracy works.¹⁵ Just 21 percent of regional residents profess confidence in their countries' political parties, and more than 50

percent of Latin Americans “are willing to sacrifice a democratic regime in exchange for real socio-economic progress.”¹⁶

Anger at neoliberalism is even more pronounced. Protests against market-oriented policies are frequent and strident. Riots in Venezuela in 1989 that claimed hundreds of lives; the Zapatista uprising in Mexico in 1994; the growth of social protest groups like the Landless Workers’ Movement (MST) in Brazil; the “water wars” in Bolivia; and the raucous anti-globalization demonstrations that rocked the Summit of the Americas in 2005: these and other incidents testify to what Gabriel Marcella calls a “powerful culture of resentment” at work in Latin America.¹⁷ The general dissatisfaction with economic and social conditions is evident in that so many Latin Americans annually vote with their feet and emigrate out of the region. All told, a climate of “great rage and resentment” now constitutes the essential backdrop against which politicians of all stripes have to campaign and govern.¹⁸

Across Latin America, this crisis has made “neoliberalism” a dirty word and pushed issues of poverty and exclusion to the forefront of regional affairs. It has not, however, led to the dominance of a single alternative model of politics or governance. Instead, it has given rise to two competing models. A clear understanding of these models and their implications is central to appreciating the current strategic landscape in Latin America and to devising an effective U.S. approach to the region.

THE POPULIST REVIVAL

The first model might best be described as radical populism. As Kurt Weyland notes in his seminal

article on the subject, populism is a contested concept. Scholars and other writers have offered numerous definitions for the term, some which focus on socio-economic factors, others which consider populism as a rhetorical or political category. Still other observers view populism through a normative lens, using the term as an essentially pejorative descriptor of policies or politicians with which they disagree.¹⁹

For the purposes of this analysis, I define populism as a political strategy that centers on the mobilization of those dissatisfied with the current socio-economic and political order. It typically involves several basic characteristics: a charismatic leader who issues a fierce critique of the existing system and its representative institutions; the assertion of a Manichean conflict between the virtuous people and the venal oligarchy; social and economic policies designed to create clientelistic ties between favored constituencies (normally the downtrodden, but also the middle classes in some cases) and the regime; and a distaste for classical liberal democracy in favor of more personalistic, “direct” forms of political representation.²⁰

Given the marginalization, exclusion, authoritarianism, and generally poor governance that have long plagued Latin America, it is hardly surprising that populism has a long and distinguished pedigree in that region. Following the onset of the era of mass politics in the first decades of the 20th century, charismatic leaders like Juan Perón, Getulio Vargas, and Jose Velasco Ibarra catalyzed lower- and middle-class discontent with the prevailing oligarchic order to forge movements based on the mobilization of mass grievance. They claimed to embody the will of the dispossessed, and gave substance to this rhetoric by

lavishing subsidies, wage hikes, and other economic rewards on their followers. They nationalized industry, championed ISI, and asserted a strong rhetorical aversion (sometimes compromised in practice) to foreign influence in the domestic economy. In a few instances, Latin American populists reconciled their style of politics with the strictures of representative democracy; in most cases, their plebiscitary and personalistic rule led to a marked erosion of democratic procedures and a turn toward authoritarianism. Above all, classical populism thrived on confrontation and conflict. Having come to power on a wave of popular anger, populist politicians chose to stoke this sentiment rather than soothe it.²¹

This program allowed leaders like Perón, Vargas, and Velasco Ibarra to dominate their countries' politics for decades. Velasco Ibarra once said, "Give me a balcony, and Ecuador is mine"; that he was five times successful in winning the presidency showed this statement to be more than an idle boast.²² Unfortunately, the populists were normally better at politics than governance. Their divisive rhetoric fostered febrile social polarization; their authoritarianism exacerbated failures of governance and left massive institutional wreckage. The populists' interventionist economic model, which revolved around state control of industry, inflationary spending and fiscal policies, and an indifference to deficits, eventually led to macroeconomic disaster. By the 1980s, the traumas of the debt crisis--which resulted in the discrediting and then the disappearance of ISI--made it seem as though Latin America had turned away from populism, perhaps permanently.²³

Yet populism has experienced a remarkable revival of late, especially in countries where economic crisis, political instability, and the resulting public disillusion

have led to the discrediting and decomposition of the existing party system. This decay has provided new opportunities for a cohort of charismatic populists who, like their 20th-century predecessors, practice a personalistic form of politics defined by a fierce sense of grievance and a penchant for radical solutions.²⁴

Populism's Contemporary Practitioners.

This tendency is most marked in Venezuela, where Chávez uses quasi-Marxist language ("21st century socialism," "Bolivarian socialism") to describe a quintessentially populist project. Since his successful electoral campaign in 1998, Chávez has cultivated a "coalition of losers"--that is, historically marginalized groups and others who saw more pain than gain from neoliberal reform--to overthrow the discredited *Punto Fijo* regime and dramatically reshape national politics.²⁵ He exploits popular anger at the arrangements he inherited ("representative democracy has failed in Latin America," he says; neoliberalism is "the path to hell") and portrays himself as a "missionizing" figure who will lead the masses to salvation.²⁶ Most important of all, he has used the rents gained by nationalizing the oil, steel, telecommunications, cement, and banking industries to finance a variety of expensive social projects--direct cash transfers, subsidized food and medicine, even the construction of 12 self-contained "socialist cities"--aimed at the poor.²⁷

These measures (as well as an influx of oil wealth) have made Chávez quite popular, allowing him to effect fundamental political changes. As part of an effort to create "direct" or "participatory" democracy, Chávez has mobilized his supporters through government-sponsored groups like the Bolivarian Circles and Communal Councils. He frequently resorts to

referenda to outmaneuver his political rivals, and has significantly expanded executive authority. Though an omnibus constitutional reform was defeated in 2007, Chávez succeeded in making the armed forces explicitly loyal to “Bolivarian socialism,” filling the legislature and the courts with his allies, seizing direct control of PDVSA (the state oil company) and other previously autonomous institutions, and doing away with presidential term limits. The result has been an enormous centralization of power. Nominally independent institutions like the Electoral Council and the National Assembly “have become mere appendages of the executive,” writes one observer; “the rule of law is at best peripheral.”²⁸ Through all this, Chávez continues to frame Venezuelan politics as a struggle between the downtrodden and the oligarchy. His enemies, he claims, are “enemies of the people.”²⁹

In Bolivia, Evo Morales has seized upon both long-standing resentments and the more recent dislocations caused by neoliberalism to forge an “ethno-populist” model.³⁰ He terms capitalism “the worst enemy of humanity,” and pledges to work toward a “post-capitalist” system rooted in the communal traditions of Bolivia’s historically marginalized indigenous majority.³¹ His government has tightened control over the extractive industries and uses social spending and selective political empowerment to mobilize trade unions, indigenous communities, and other sources of grass-roots backing. Bolstered by this support, the president’s Movement for Socialism (MAS) gained approval of a new constitution that expands government control of the economy and executive control of the government, limits the size of future landholdings, extends special rights and privileges to indigenous communities, weakens presidential term

limits, and “refounds” the country as a “plurinational” republic. Throughout this process, Morales has made clear his preference for conflict rather than consensus. He tars his enemies as “fascists,” “racists,” “terrorists,” and “oligarchs,” threatens to confront the opposition “on the streets,” and used a variety of legally dubious (but politically popular) maneuvers to draft and moot the new constitution.³² If necessary, says Vice-President Álvaro García Linera, the regime and its supporters will use “slingshots and Mausers” to seize the “totality of power.”³³

Correa has used similarly abrasive tactics to bring about a rupture with the *partidocracia*, Ecuador’s dysfunctional political system. Like Chávez and Morales, Correa thrives on popular anger and promises to wage class warfare as official policy. “The people will have the opportunity to punish the oligarchy and the political parties,” he says.³⁴ Upon taking office, Correa tightened government control over the banks and the energy sector (as well as certain communications companies), using the proceeds to fund subsidies for the poor, pensions for the elderly, public works projects, and other social programs. The political gains derived from these measures allowed Correa to mobilize new constituencies and wage a “hyperplebiscitary” campaign that shattered the existing institutional framework and allowed him virtually free rein in drafting a new constitution.³⁵ This document, among other things, extends greater executive control over a range of formerly autonomous institutions, gives the president the option of abolishing the National Congress, and potentially permits Correa to remain in office until 2017. This program of “profound, radical, and fast change,” writes the International Crisis Group, has fundamentally altered the dynamics of

Ecuadorian democracy: "Power is becoming ever more concentrated in the person of the president."³⁶

If the populist revival is most clearly defined in the Andes, it has also been felt in Argentina. Under the Kirchners, the Peronist party has reconnected with certain of its populist roots. Nestor Kirchner sought to harness mass outrage stemming from the economic crisis of 1999-2002 by establishing ties of patronage to the *piqueteros* (effectively government-sponsored protest groups), and reestablished Peronism's traditional links to the working class and the poor by implementing price controls, tax cuts, wage hikes, and subsidies directed at these groups.³⁷ The need to find revenues for these programs has figured in the renationalization of Argentina's chief airline, attempts to take control of the private pension system, and the assertion of greater presidential control over the national budget and tax proceeds.³⁸ Since roughly 2005, moreover, Argentina has conducted a partial retreat from macroeconomic orthodoxy. Nestor called the United Nations (UN) International Monetary Fund (IMF) a "dictatorship," and he and his wife embraced more profligate spending policies.³⁹ At the same time, the Kirchners have used the residual Peronist mystique and the weakness of competing institutions like the legislature and the judiciary to expand executive power. As Ignacio Walker notes, the disruption to the existing institutional framework is not nearly so great in Argentina as in the Andes, but the country nonetheless finds itself "somewhere between a personalistic form of democracy and a 'democracy of institutions.'"⁴⁰

Daniel Ortega is the most idiosyncratic of Latin America's neopopulists. Ortega began his career as a Marxist guerrilla; he is now a corrupt caudillo who embraces business-friendly economic policies. His

triumph in the 2006 presidential campaign did derive in some fashion from popular dissatisfaction with entrenched poverty and an ineffective political system, but it also reflected Ortega's strategic alliance with a corrupt opposition leader and his ability to manipulate the Nicaraguan electoral machinery.⁴¹

These issues notwithstanding, essential features of Ortega's program fit well within the populist paradigm. Ortega uses personal charisma, his lingering revolutionary credibility, strident (if insincere) denunciations of "the genocide produced by global capitalism," and tightly controlled patronage to maintain loyalty among certain impoverished constituencies and to keep a critical mass of Sandinistas ready to take to the streets in his defense.⁴² He has skillfully manipulated his firm control of the party, his "pact" with ex-president Arnoldo Alemán, and hundreds of millions of dollars in off-the-books Venezuelan aid to co-opt, paralyze, or simply ignore those institutions meant to check his power. Once in office Ortega greatly expanded executive authority over the armed forces, the police, the budget, and the courts. He now calls for "direct democracy" in the form of Sandinista-controlled Citizens' Power Councils, the possibility of indefinite presidential reelection, and a transition to a one-party system. Political authority has become so personalized that it is common to remark that *Sandinismo* has given way to *Danielismo*.⁴³

As Ortega's eclectic style indicates, no two variants of contemporary populism are identical. At a broad level, however, the policies pursued by each of these presidents would be eminently familiar to leaders like Perón or Vargas. Today as in the past, popular anger and the weakness of Latin American political institutions has given rise to a model based on

patronage, confrontation, and the personalization of power.

Challenges for the United States.

The revival of radical populism poses two principal challenges for U.S. policymakers. The first pertains to prospects for democratic stability and sustainable economic development in the region. The second has to do with hemispheric security and diplomatic cooperation and the overall tenor of U.S.-Latin American affairs.

With respect to the first issue, it is unlikely that the various populist models in evidence today will provide the good governance necessary to achieve long-term stability and prosperity. To be sure, populism has an ambiguous relationship to the challenges of governance. The popularity of politicians like Chávez, Morales, and others stems from the continual failure of Latin American states to meet the basic needs of their citizens, and in the short term, populist governments have been relatively successful in redressing certain of these deficiencies. Social spending has led to lower poverty rates (though the size of the drops is disputed), and traditionally marginalized groups have in some cases gained a stronger political voice. More broadly, though the populist style is incessantly and deliberately confrontational, in countries like Venezuela, Bolivia, and Ecuador such an approach was arguably warranted in upending political systems that were corrupt, unresponsive, and unstable.⁴⁴

Now as before, however, the long-term consequences of populist rule are usually pernicious. These effects are in no two cases precisely the same, but it is possible to draw several general conclusions on this subject. For one thing, the economic programs

implemented by the Andean populists are unsustainable. Nationalizing the energy sector is politically popular and permits high levels of social spending, but it also scares away foreign investment, impedes diversification of the economy and the development of emerging sectors, leaves these countries more vulnerable to the vicissitudes of international commodity prices, and creates incentives for corruption.⁴⁵ In Venezuela, for instance, inflation is well above 20 percent, the industrial base contracted sharply even as oil revenues injected unprecedented sums into the economy, and an entire class of businessmen (“Bolígarchs”) has grown rich through corruption and cronyism.⁴⁶ Similar – if less pronounced – problems are emerging in Bolivia and Ecuador, and Correa’s refusal to pay an “immoral and illegitimate” foreign debt may lock his country out of international capital markets for years to come.⁴⁷ Even under the more limited version of populist economics practiced by the Peronists, high growth has obscured troubling structural problems. Price controls have caused energy shortages, promiscuous spending has pushed inflation above 20 percent, and the economy is widely judged to be Latin America’s most vulnerable.⁴⁸

With respect to social policy, populist spending has put more resources into the hands of the poor, but often in ways that are more patrimonial than empowering. There are regularly political strings attached to populist social programs – the Venezuelan government conducts voter registration drives through its programs; the MAS strongly “encourages” aid recipients to participate in pro-regime rallies – and groups like the Citizens’ Power Councils, the Bolivarian Circles, and the *piqueteros* have been used to ensure that assistance flows only to government loyalists. In the same vein, the counterpart to government support

for these organizations is an expectation that they will mobilize to intimidate or defeat the president's political enemies—as indeed they have, in numerous cases.⁴⁹ Overall, the essential emphasis of social programs in several of these countries—particularly Venezuela, Bolivia, Argentina, and Nicaragua—seems to be less on enabling self-sustaining growth and lasting social mobility than on using direct resource transfers to create webs of political patronage and *clientelismo*. As Juan Rial writes, “Subsidies are handed out to enable social groups to continue doing what they have always done—protest over their social condition. This civic pressure, in turn, serves to legitimize those in power.” The end result is not “vigorous, inclusive, and sustained development,” but a “vicious circus/circle” of patronage and protest.⁵⁰

In the political realm, populist policies are more likely to exacerbate failures of governance and democracy than to correct them. The personalization of power and a plebiscitary style of rule are useful for outmaneuvering opponents and effecting rapid change, but are ultimately corrosive to those practices and institutions—strong parties and a working system of checks and balances, chief among them—that are crucial to governmental accountability and the rule of law.⁵¹ As Carlos de la Torre writes, moreover, the presumption that populist leaders represent the authentic will of the people has too often translated into a belief that “those who do not acclaim the leader could be silenced or repressed.”⁵² This tendency toward governmental impunity is evident in any number of occurrences: political intimidation and restrictions on media coverage in Venezuela; Morales' support for violent protest groups and acts of “community justice”; Correa's refusal to accept checks on executive hege-

mony in Ecuador; Ortega's blatant electoral tampering and repeated attacks on press freedom in Nicaragua.⁵³ Insofar as these leaders trample democratic procedures on the way to radical reform, they risk deepening the political decay they inherited.

Finally, the combination of rapid political change, quasi-authoritarian measures, and Manichean rhetoric is a volatile one and frequently results in growing internal polarization. Violence punctuated constitutional reform debates in Ecuador and Bolivia, and preexisting geographical and socio-economic rifts have widened in both countries.⁵⁴ Venezuelan politics have become highly charged as Chávez's program has unfolded, and the potential for violence may be rising.⁵⁵ Argentina remains relatively stable, but in Nicaragua the clashes that followed the fraudulent elections of November 2008 elicited fears that closing off outlets for peaceful change could foster a recrudescence of political bloodshed. "If the current institutional arrangements prove to be — as they increasingly appear — impregnable to change," warns Kevin Casas-Zamora of the Brookings Institution, "it is very likely that future political disputes will be resolved on the streets or in the mountains."⁵⁶ Populist leaders promise a shortcut to development, meaningful democracy, and social justice. More often than not, however, their problems simply compound Latin America's entrenched problems, an outcome that bodes well for neither long-term stability nor U.S. interests in the region.

In certain respects, the diplomatic ramifications of Latin American populism are equally troubling. At the rhetorical level, populist diplomacy invariably features virulent anti-Americanism. This reflects specific policy and personal disputes (the United States lent tacit support to a failed coup against Chávez in 2002, for instance, and U.S. officials were openly hostile to Ortega

and Morales when they were running for president), but it is also the natural concomitant to the populists' domestic program. These governments, writes one analyst, engage in "the projection of the class struggle between the rich and the poor onto the stage of international relations."⁵⁷ Just as they condemn the iniquities of the capitalist system at home, in other words, they rail against its chief sponsors abroad. Morales called President George W. Bush a "terrorist" and regularly "uncover[s]" U.S.-led coup plots against his regime.⁵⁸ Chávez warns that a U.S. invasion is imminent and referred to Bush as "the devil" in 2006.⁵⁹ (Correa's response: "Calling Bush the devil offends the devil."⁶⁰) Ortega's language is no less strident; he condemns the United States as an "imperialist global empire."⁶¹ This rhetoric is intended primarily for domestic consumption, but it nonetheless perpetuates the old trope of blaming Latin America's ills on U.S. malevolence and thereby exerts a negative effect on the overall climate of hemispheric relations.

In some cases, this rhetoric is also indicative of policies meant to complicate the U.S. strategic posture in Latin America. Several populist leaders have looked to forge ties with extra-hemispheric powers as a way of offsetting U.S. influence. Ortega recently inked a deal for Iranian financing of a \$350 million ocean port and a new hydroelectric plant. He also bought arms from and increased military cooperation with Russia and lent Moscow strong diplomatic support in its war with Georgia in 2008.⁶² Correa has announced plans to buy weapons from Iran and strengthened energy cooperation with Tehran.⁶³ Morales pointedly touts his arrangements with Gazprom (the Russian energy company) and a growing economic partnership with Iran as counterweights to American financial and

diplomatic power, and is currently exploring enhanced military collaboration with Moscow. He trumpets his opposition to U.S. influence in Latin America, saying that Bolivia must forge an “axis of good” to defeat Washington and its “axis of evil.”⁶⁴

Chávez has been even more energetic in this regard, assiduously courting extra-hemispheric players as potential allies. He has purchased military and strategic communications equipment from China and pledged to put his oil “at the disposition of the great Chinese fatherland.”⁶⁵ Chávez hosted Russian strategic bombers and warships in 2008; has used oil revenues to purchase a slew of tanks, planes, anti-aircraft systems, and other Russian weapons; and touts his “strategic partnership” with Moscow. “Russia is an ally of Venezuela’s,” he recently declared. “Russia is with us.”⁶⁶

In Chávez’s case, these measures are part of what Defense Intelligence Agency (DIA) Director Michael Maples has identified as a broader campaign to expand Venezuelan power, undermine pro-U.S. regimes, and thereby “neutralize U.S. influence throughout the hemisphere.”⁶⁷ To this end, Chávez has provided financial or moral support to populist candidates in Mexico, Peru, Nicaragua, Bolivia, and Argentina, funneled arms and money to the Revolutionary Armed Forces of Colombia (FARC), and repeatedly provoked pro-U.S. governments in Mexico and Colombia. Venezuelan oil wealth funds PetroCaribe, an aid initiative designed to forge alliances with petroleum-poor countries in the region. It also pays for the strategic purchase of Argentine junk bonds, as well as generous military, economic, and technological aid to governments in Nicaragua, Ecuador, Bolivia, and elsewhere. In 2004, Chávez launched the Bolivarian

Alternative for the Americas (ALBA) as a response to U.S. proposals for a Free Trade Area of the Americas. He has since argued that this organization should be transformed into a military alliance against the United States. Even as Chávez sells his oil to Washington, he thus uses the profits to woo an anti-U.S. coalition in Latin America. Venezuela has “a strong oil card to play on the geopolitical stage,” he says. “It is a card that we are going to play with toughness.”⁶⁸

As discussed below, neither the effectiveness of Venezuelan petro-diplomacy nor the cohesiveness of these partnerships should be overstated. Nonetheless, it is clear that elements of populist diplomacy constitute sources of instability in Latin America and a barrier to more effective security cooperation with the United States. The three Andean populists have each restricted counterdrug cooperation with Washington: Bolivia by evicting the Drug Enforcement Agency (DEA) and permitting a marked increase in coca cultivation, Correa by ending the U.S. lease on a strategically valuable air base, and Chávez by refusing to work with U.S. anti-drug agencies and tolerating direct government participation in narcotics trafficking.⁶⁹ Chávez’s arms buildup threatens to spark tensions in the Andean region, as does his on-again, off-again support for the FARC. Similarly, Correa’s ultra-nationalist rhetoric has at times impeded bilateral border security collaboration with Colombia, and Ortega’s antagonistic diplomacy has resulted in fruitless spats with Bogota.⁷⁰ Finally, given mounting evidence that Hezbollah has exploited Tehran-Caracas relations to establish a presence in Venezuela, there is reason to worry that populist overtures to Iran may create an opening for terrorist groups to move into Latin America. “One of our broader concerns,” says

U.S. Assistant Secretary of State Thomas Shannon, “is what Iran is doing elsewhere in this hemisphere and what it could do if we were to find ourselves in some kind of confrontation with Iran.”⁷¹

How Great Is the Threat? Some Mitigating Factors.

As a result of these factors, descriptions of the populist revival have often tended toward the hyperbolic. Michael Radu of the Foreign Policy Research Institute warns that “the strategic and political map of [Latin America] is deteriorating dramatically.”⁷² Kim Phelps, vice-president of the Heritage Foundation, describes populist foreign policies as “open season on the Monroe Doctrine,” and notes that “some of America’s worst enemies or rivals are taking advantage.”⁷³ In 2006, Secretary of Defense Donald Rumsfeld loosely compared Chávez to Adolf Hitler and described Venezuela and Bolivia as a “Latin American Axis of Evil.”⁷⁴

Concerns about the strategic impact of populism are hardly groundless. As discussed above, this revival complicates prospects for sustainable development, democratic stability, and effective security cooperation with the United States. All the same, there are several reasons to believe that the situation is not as dire as certain of the above comments would indicate.

With respect to Chávez, whose foreign policy is most openly hostile to the United States, it is clear that his ambitions are grander than his capabilities. Courting Russia and China has allowed Chávez to buy expensive weapons and foster new political relationships, but neither Beijing nor Moscow has been as enthusiastic a counterweight to U.S. power as the Venezuelan president would like. Despite its ever-expanding resource needs, the Chinese government

has been cool to the idea of becoming a major buyer of Venezuelan oil, both because of the immense logistical and technological hurdles involved and because of a keen awareness that too close an association with Caracas risks unnecessarily complicating China's relations with the United States.⁷⁵ Russian leaders have also shown a degree of restraint in dealing with Chávez. The Putin and Medvedev governments have been happy to sell Russian arms and to use relations with countries like Venezuela and Cuba as a way of twitting Washington for its involvement in Moscow's "near abroad." So far, however, Medvedev has conspicuously resisted reciprocating the "strategically" label proposed by Chávez.⁷⁶ Despite the various factors impelling Russian-Venezuelan cooperation, the long-term evolution of this relationship will likely have much to do with factors—U.S.-Russian relations, the broader geopolitical scene, and the natural diversification of Latin American diplomatic, economic, and security relationships--that are largely beyond Chávez's control.

Within Latin America, Chávez's efforts to bring his allies to power have not been particularly successful. It is doubtful, for instance, that Chávez's much-publicized support for Ortega in 2006 had much to do with that candidate's triumph. This outcome, it is generally agreed, was much more the consequence of Ortega's successful manipulation of electoral rules, the unexpected death of a rival candidate, the failure of the conservative parties to unite around a single figure, and the nationalist blowback produced by ill-timed, anti-Ortega comments by U.S. officials. In other instances, Chávez's electoral interventions have ended up hurting the very allies they are meant to help. Peruvian voters responded badly to Chávez calling

Alan Garcia a “thief” during the 2006 campaign, and Ollanta Humala’s association with the Venezuelan leader seems to have cost him the support of late-deciding swing voters. Much the same dynamic was present in Mexico in 2006, where Andrés Manuel López Obrador was never able to shake suspicions that he was merely a Chávez proxy. More broadly, Chávez’s shrill rhetoric and hyper-assertive diplomacy have arguably cost him support among Latin American publics. As of 2006, his approval ratings in the region were no higher than those of George W. Bush.⁷⁷

Support for the FARC has been little more fruitful for Chávez. Venezuelan solidarity has not prevented Álvaro Uribe’s government from dealing the guerrillas a series of staggering blows over the past several years, and when hard evidence of the Chávez-FARC link surfaced in early 2008, it caused the Venezuelan president considerable embarrassment. The main outcome of the Colombian insurgency has not been to undermine Uribe, but rather to complicate Venezuela’s strategic position by ensuring a strong U.S. presence on Chávez’s western flank. These factors appear to have forced Chávez to rethink his policy toward the guerrillas. In mid-2008, he publicly stated that the FARC should abandon the armed struggle and negotiate an end to the civil war in Colombia.⁷⁸

Chávez’s high-profile petro-diplomacy has also resulted in as many frustrations as successes. Venezuelan largesse was not sufficient to win Chávez a seat on the UN Security Council in 2006. While recipients of Venezuelan aid were generally supportive of Chávez’s bid, most Latin American governments preferred that the region be represented by someone less polarizing.⁷⁹ In other cases, even countries that benefit from Chávez’s generosity have refrained from

fully reorienting their diplomacy along *chavista* lines. As one scholar notes, the impoverished Caribbean and Central American nations that constitute one of Chávez's core diplomatic constituencies have offered expressions of friendship and occasional trade and political benefits in exchange for Venezuelan oil, but they have also maintained diplomatic independence and, in some cases, continued to have strong relations with the United States. "Countries happily accept Venezuelan aid, provide support to Venezuelan causes where it is pragmatic to do so, and even adopt some elements of the Bolivarian ALBA agenda," he writes. "But all this is done *only* when it reflects the interests of the country in question."⁸⁰ In sum, Chávez's diplomacy – which is almost entirely dependent on the dubious prospect of perpetually high oil prices – has not brought about the cohesive anti-U.S. bloc that he seems to envision.

To a somewhat surprising extent, this is true even of Chávez's dealings with other populist leaders. While there is strong rhetorical solidarity between these governments, populist diplomacy is not as unified or harmonious as it is sometimes portrayed. Morales is perhaps Chávez's strongest supporter in Latin America, but he also evinced annoyance after the Venezuelan president sided with a Chilean candidate for secretary-general of the Organization of American States (OAS) only shortly after announcing his "wish to swim someday in a deep Bolivian sea."⁸¹ Chávez then further undermined his relations with Bolivia, first by threatening to intervene militarily amid the growing internal unrest that accompanied the constitutional reform, and then by asserting that the commander-in-chief of the Bolivian armed forces, who had condemned this reckless statement, was merely a pawn of the domestic right and the United States.⁸²

Rifts have also emerged in Chávez's relationship with Correa. The Ecuadorian president has been decidedly cool to ALBA (one government minister described it as contrary to Ecuador's "policy of peace"), and Correa dismissed out of hand Chávez's attempt to label the FARC as a legitimate "belligerent force" in Colombia rather than as a terrorist group.⁸³

As these incidents indicate, there is a degree of nuance to populist diplomacy. This characteristic is also evident in populist relations with the United States. While Chávez and to some extent Morales have demonstrated a decided hostility (both in rhetoric and in policy) to Washington, other leaders have adopted a more variegated strategy. Correa, Ortega, and the Kirchners all recognize the value of anti-American rhetoric and the allure of cooperation with Chávez. They have also made clear their preference for a less hegemonic U.S. role in Latin America. At the same time, these leaders appreciate that selective cooperation with Washington does bring certain benefits. They thus seek to strike a balance between this imperative and the more strident manifestations of populist diplomacy.

This ambivalence is certainly present in Argentina. Both Nestor and Cristina Kirchner have embraced Chávez publicly and gone out of their way to pick verbal fights with the United States. Best evidence indicates, however, that they do so less out of the deep-seated antipathy evident in Venezuela and Bolivia than because Chávez's generosity is essential to rolling over Argentina's foreign debt.⁸⁴ On issues of high importance to the United States, Argentine cooperation has actually been quite good throughout the Kirchner years. The Kirchners have strengthened bilateral and multilateral efforts to impede terrorist activity and illicit economic traffic in the Tri-Border Area between Argentina,

Paraguay, and Brazil. They have also participated in the ongoing UN stabilization mission in Haiti, as well as in anti-terrorism programs like the Container Security Initiative. Indeed, Assistant Secretary of State Thomas Shannon was only exaggerating slightly when he recently called U.S.-Argentine relations “fantastic.” As one observer notes, the Peronists are “playing a two-faced game,” aligning with Chávez publicly while quietly “cooperating on everything Washington really cares about.”⁸⁵

Ortega is playing the same game. His ruthless political expediency and instinct for self-preservation have led him to undertake actions uncomfortable to Washington: seeking aid from Venezuela, Russia, Cuba, and Libya; vigorously condemning U.S. policies and refusing to follow through on the destruction of 1980s-era surface-to-air missiles; progressively restricting democracy. Yet these same attributes have also caused Ortega to maintain certain mutually beneficial ties to the United States. Ortega acknowledges that trade and investment are crucial to the economy, and has thus remained faithful to the terms of the Central American Free Trade Agreement (CAFTA) even as he denounces capitalism and accepts Venezuelan aid. Military-to-military contacts have also continued, with Nicaraguan officers receiving training in the United States.⁸⁶

Ortega, who confronts a growing problem with gangs and drug-related violence, has not followed Morales and Chávez in allowing anti-Americanism to intrude upon counternarcotics initiatives. U.S. officials have called Nicaraguan anti-narcotics programs “very successful,” and the amount of seizures and arrests “increased dramatically” in Ortega’s first year in office.⁸⁷ In consequence, Ortega’s government is ex-

pected to play an integral role in the Merida Initiative, the U.S.-funded counterdrug project launched in 2008. It remains to be seen whether Ortega will swing toward Chávez more substantively as his increasingly authoritarian rule closes off U.S. and European development aid, but beneath a surface hostility Nicaraguan diplomacy has so far been something that Washington can live with.⁸⁸

Correa has also sought to win the benefits of a sharply nationalist foreign policy without sacrificing those of a more responsible diplomacy. Correa's policies can be maddeningly obstructive and strident (witness his near-hysterical condemnations of Plan Colombia and his continuing exploitation of the nationalistic response provoked by Colombia's raid into Ecuador on March 1, 2008⁸⁹), but they can also be quietly congruent with U.S. interests and the exigencies of regional stability. Even as Correa used the March 2008 incident to stir ultra-nationalist sentiment in Ecuador, he extended feelers to Washington and Bogota on ways of improving security in the region. Correa deployed more troops to this area to limit the FARC presence and cut down on drug trafficking, and, despite his decision not to renew the U.S. lease on Eloy Alfaro Air Base, American officials generally concede that overall cooperation on narcotics issues has been good.⁹⁰

Similarly, Correa's government has so far destroyed more FARC camps than its predecessor, and though Interior Ministry officials apparently met with guerrilla leaders several times in 2007-08, the persistence of the FARC in the border region looks to reflect the traditional weaknesses of the Ecuadorian state rather than active complicity on Correa's part.⁹¹ Correa further demonstrated the pragmatic side of his diplomacy by refusing to follow Chávez and Morales

in expelling U.S. ambassadors in late 2008, and he has made clear that he places a high value on maintaining Ecuador's status as a beneficiary of the Andean Trade Preferences program.⁹²

In Ecuador as in Argentina and Nicaragua, the negative implications of populist rule are somewhat balanced by continuing opportunities for constructive U.S. engagement. Viewed in this light, the consequences of the populist revival are perhaps not as starkly threatening to the United States as is sometimes assumed – a theme further underscored by an analysis of the second essential movement in contemporary Latin American politics.

POSSIBILIST TRAJECTORIES AND THE EMERGENCE OF THE CENTER

In dominating international comment on Latin America of late, the populist revival has obscured another significant trend in regional politics: the rise of the center. On the center-left, formerly radical parties have embraced a moderate form of social democracy. They now combine their traditional emphasis on social justice with responsible macroeconomic policies, respect for democratic procedures, and an aversion to polarizing practices and rhetoric. On the center-right, governments in Mexico and Colombia have maintained market-friendly policies while seeking to increase opportunities and protections for the poor and addressing long-standing state weaknesses and failures of governance.

These governments represent a convergence toward what Javier Santiso calls “possibilist trajectories.”⁹³ They are meeting the current crisis in Latin America by mixing traditionally right-wing economic policies with

traditionally left-wing social policies, by emphasizing effective governance rather than the politics of grievance, and by cultivating productive, mutually beneficial relations with the United States. In both their domestic and their foreign policies, these centrist regimes constitute a natural counterpoise to the more challenging aspects of the populist revival.

Social Democracy and the Post-Radical Left.

The emergence of social democracy in Latin America is most notable in Chile, Brazil, and Uruguay, where leftist parties that hail from a distinctly radical heritage have significantly moderated themselves since the 1980s. The timing and extent of this conversion differs by country, but the Concertación in Chile, the Frente Amplio (FA) in Uruguay, and the Workers' Party (PT) in Brazil⁹⁴ have each moved toward the center as a result of several important developments. These include: a realization that democracy offers safeguards against a recurrence of the gross human rights abuses suffered under Cold War military dictatorships; an awareness that political radicalism and polarization helped bring about those dictatorships in the first place; the constraints of two-round electoral systems, which place a premium on broad coalitions and cross-class appeal; the restrictions imposed by pacted transitions from military rule; the relative success of neoliberal policies in limiting inflation and restoring a measure of macroeconomic stability; and the relative failure of neoliberal policies to protect the poor or distribute these gains across society.⁹⁵ Accordingly, while these parties remain committed to economic equity and social justice, they have become considerably less dogmatic in their pursuit of these goals. They concede, as Chilean

president Michelle Bachelet says, that “we still lack on delivering the goods . . . to fulfill the needs of the people,” but also accept the maxim of Ricardo Lagos, Bachelet’s predecessor: “The market is essential for growth, and democracy is essential for governance.”⁹⁶

The policies of social democratic governments in Brazil, Chile, and Uruguay differ in their particulars but revolve around three common themes. The first is the consolidation of market reforms. Under the Concertación, Chile has maintained strict fiscal discipline while stimulating growth through multilateral and bilateral trade pacts, unilateral tariff reductions, and aggressive courting of foreign and domestic investment.⁹⁷ Likewise in Brazil, where President Luiz Ignácio Lula da Silva has deepened economic reforms by overhauling the social security and tax systems, easing Brazil’s regulatory morass, permitting more private investment in public development projects, and keeping spending in check.⁹⁸ In Uruguay, President Tabaré Vázquez signed an investment and trade protection accord with Washington, restrained government expenditures, respected the privatizations and deregulation of the 1990s, and repaid Uruguay’s IMF debt in full.⁹⁹ The word “neoliberalism” has a decidedly pejorative connotation in Latin America today, but macroeconomic policy in each of these countries remains effectively neoliberal in orientation.

Second, social democratic governments use targeted public spending to offset the uneven effects of these policies and avoid the pernicious microeconomic consequences associated with neoliberalism. By and large, these programs do not replicate the populist model; while they do focus on meeting the immediate needs of the extremely poor, they emphasize long-term enablers of social mobility rather than clientelistic,

highly politicized resource transfers. Under the *Chile Solidario* plan, poor families receive subsidized health care and stipends that gradually decrease over a 2-year period, during which time they also receive vocational training, educational assistance, and psycho-social counseling. The goal is to tackle poverty “as a multidimensional problem that relates not only to lack of income but also to the scarcity of human and social capital.”¹⁰⁰ Lula has replicated this same basic approach with micro-lending projects and the “Family Stipend” program.¹⁰¹ Vázquez’s major anti-poverty program is also broadly similar.¹⁰²

Third, while these governments echo the populists in seeking to improve the quality of democracy for the poor and the middle class, they also stress adherence to established democratic norms and procedures. Civil liberties and political rights are respected, and opposition parties operate without hindrance. Presidential term limits remain intact (Lagos actually presided over a shortening of presidential tenure in Chile), and though a massive corruption scandal in Brazil raised questions about Lula’s democratic credentials, checks and balances and the rule of law remain quite strong in all three countries.¹⁰³ Within this framework, social democratic governments have enacted measures meant to allow citizens greater access to the political system: reforms to the labor code in Chile, experiments in “participatory budgets” in Brazil, and the creation of labor-government-management forums in Uruguay.¹⁰⁴ Overall, writes one scholar, these social democratic governments aim to construct a “new social contract” that combines economic stability, poverty reduction, socio-political inclusion, and the individual protections offered by democracy, and thereby to forge a sustainable model

with appeal for the poor, the middle class, and business elites alike.¹⁰⁵

The social democratic model is best consolidated in Chile, which represents the closest thing to an unvarnished success story in Latin America over the past 20 years. Concertación policies have helped the country diversify its economy, achieve a five-fold increase in exports, and average 6 percent growth between 1987-2006, all while avoiding the high inflation that has so often devastated Latin America's working and middle classes. This strong macroeconomic performance has allowed Chile to lower poverty from 40 percent at the fall of the Pinochet dictatorship to 14 percent in 2006, and projects like *Chile Solidario* have given Chile the third-best Human Poverty Index in the developing world.¹⁰⁶ The strength of Chilean democracy (as measured by Freedom House) has improved steadily since the Concertación took power, and for the past several years, the country has received that organization's highest possible rating.¹⁰⁷ The Concertación may lose power in presidential elections scheduled for December 2009, but its 20-year run has been so successful as to make it unlikely that a conservative administration would tamper drastically with the social democratic model.

In Brazil and Uruguay, the results are promising but more tenuous. The shift toward the center has alienated groups like the MST and radical elements of the FA, who charge that moderation is simply selling out. Such charges are not completely unfounded; the slow progress of land reform in Brazil, as well as the continual clash between those Uruguayan officials who favor a technocratic approach to economic policy and those who support more concessions to labor, indicate the inherent tension between a gradualist approach to reform and demands for rapid change.¹⁰⁸ Corruption

and poverty remain major problems in Brazil, as are the powerful, extremely violent gangs that dominate many of that country's urban centers. In a broader sense, reconciling targeted social spending with fiscal responsibility is a challenge, and both of these countries (along with the rest of the world) face major economic slowdowns as a result of the global recession.¹⁰⁹

Nonetheless, the overall trajectory of events in Brazil and Uruguay is positive. The expansion of market reforms has assured these countries of solid macroeconomic indicators: lower debt-to-gross domestic product (GDP) ratios and risk premiums, greater investment and foreign trade, historically low inflation.¹¹⁰ Growth in Uruguay has been between 6 and 10 percent over the last half-decade, and unemployment is at its lowest since 1993.¹¹¹ High interest rates have limited growth (and, more importantly, inflation) in Brazil, but what growth has occurred has lowered poverty by 28 percent and allowed a majority of Brazilians to call themselves middle-class.¹¹² Social programs are widely praised by international observers for their nonpoliticized nature, promotion of integral development, and effectiveness in relation to the Human Poverty Index.¹¹³ In the political sphere, Uruguay's democracy is as robust as ever, and participatory decisionmaking mechanisms have opened somewhat greater space for popular input. Despite some notable lapses under Lula, Brazil's Freedom House rating has improved since 2002, and the participatory budgets project represents a potential answer to the rampant *clientelismo* that has long plagued public service provision.¹¹⁴ While the social democratic model is hardly a panacea, its consolidation is likely to be beneficial for internal stability, democratic governance, and sustainable development in Latin America. This program "may not sound like much of

a utopia” compared to the promises of the populists, writes Francisco Panizza, “but it achieved it will radically transform for the better the lives of millions of people in Latin America.”¹¹⁵

Social Democratic Diplomacy.

Social democracy is also conducive to mature, productive relations with the United States. To be sure, center-left presidents in Chile, Brazil, and Uruguay all maintain publicly cordial relationships with Chávez and other populist leaders, and their ties to the United States have hardly been unmarred by disharmony. Disputes over the Iraq war, the Free Trade Area of the Americas, the detention facility at Guantanamo Bay, U.S. agricultural policies, and Washington’s tacit support for a failed coup against Chávez in 2002 have at various points intruded upon American dealings with some or all of these governments.

In the main, however, the pragmatism these governments demonstrate domestically is also present in their agenda abroad. These leaders have resisted the temptation to make anti-Americanism or exaggerated nationalism the centerpieces of their diplomacy. Instead, they have distanced themselves from the more radical elements of populist foreign policy and focused on identifying areas of convergence in their relations with Washington.

In Uruguay, Vázquez made news early in his presidency by normalizing relations with Cuba, but he has subsequently leaned toward Washington rather than Caracas or Havana. Vázquez has been cool to Chávez’s grand diplomatic and economic initiatives, and raised eyebrows by skipping Morales’ inauguration. Conscious of the need to lessen Uruguay’s traditional commercial dependence on Brazil and Argentina,

Vázquez has significantly strengthened trade and investment ties with the United States. Uruguay is a reliable partner in counterterrorism and anti-organized crime initiatives, and Vázquez even established a relatively warm public relationship with President Bush. In 2007, for instance, Vázquez publicly welcomed the U.S. president to Montevideo just as Chávez led anti-Bush protests across the Rio de la Plata in Buenos Aires. Former U.S. ambassador to Uruguay Christopher Dodd has concisely summed up Vázquez's diplomacy: "He's certainly not with Castro and Chávez."¹¹⁶

There is also a broad symmetry of interests between the United States and the Concertación. Since the early 1990s, the Concertación has focused on diplomatic goals--consolidating democracy and protecting human rights in Latin America, pushing for greater economic openness in the region, supporting efforts to improve regional stability and ease inter-American disputes—that generally accord well with U.S. policies.¹¹⁷ Under Lagos, Chile supported the U.S. position on Cuban human rights violations in the UN, contributed several hundred troops to the UN stabilization mission in Haiti beginning in 2004, and concluded a free trade agreement (FTA) with the United States.¹¹⁸ Under both Lagos and Bachelet, Chilean governments have quietly worked to limit Chávez's influence. Though Bachelet is publicly very polite in her dealings with Caracas (in contrast to Lagos, who dismissed Chávez as a "president with a check-book"), she nonetheless declined to support Venezuela's bid for a UN Security Council seat and met with members of the Venezuelan opposition during a trip to that country in 2007.¹¹⁹ Her government calmly but pointedly opposed Venezuelan interference in the 2007 crisis in Bolivia, and Bachelet

has chosen to place a maritime boundary dispute with Peru and a running conflict over access to the sea with Bolivia into juridical (rather than political) channels so as to prevent Chávez from interposing himself diplomatically into these negotiations.¹²⁰

When Lula was elected in 2002, some observers expected that he would be a powerful friend to Chávez. As Moises Naim observes, however, Lula has actually pursued a much different project. Whereas Chávez has sought chiefly to erode U.S. influence in Latin America, Lula is more concerned with making Brazil a major player within the broader international system. On numerous issues—international trade and finance, energy, environmental issues, Security Council reform—Lula has focused less on undermining the existing order than on increasing Brazil's stake in that order.¹²¹ This strategy has at times led to conflict with the United States. Lula claims that U.S. agricultural subsidies stand in the way of a more equitable world trade regime, and his outspoken advocacy of reconciliation with Cuba clashed with U.S. policy during the Bush years. Lula's efforts to partner with Russia and China through the BRICs forum have also raised concerns as to potential great-power balancing against Washington.¹²²

On the whole, though, Lula's desire to make Brazil a strong, responsible international stakeholder—as well as Brazil's long land borders, which give Brasilia an immense interest in preserving regional stability—have pushed him toward a foreign policy that, while strongly independent, is largely compatible with U.S. interests. Lula cultivated a strong working relationship with President Bush, and Brazilian cooperation on counterterrorism, organized crime, and other transnational threats in South America has

been excellent. Lula dispatched the single largest contingent of peacekeepers to Haiti in 2004, and while there have recently been comments to the effect that the “reconstitution” of the U.S. Fourth Fleet poses a threat to Brazil, in reality Brazilian officials seem to recognize that they share a common interest with the United States in safeguarding shipping lanes in the South Atlantic.¹²³

With respect to inter-American diplomacy, it has become apparent that Lula views Chávez more as a dangerous rival than a potential partner. Lula has been scrupulously polite to Chávez in public, but he clearly views the Venezuelan president’s exclusionary trade deals, erratic nationalism, and support for movements like the FARC as threats to Brazilian interests. This being the case, Lula has subtly worked to check the more destabilizing aspects of Venezuelan diplomacy. He signed bio-fuel agreements with Honduras, Nicaragua, Panama, and other Latin American countries, seeking simultaneously to increase the Brazilian export market and make these countries less dependent on oil imports from Venezuela. Lula has not publicly opposed Chávez’s grand plans for a transcontinental pipeline, a “Bank of the South,” or Venezuelan membership in Mercosur, but he has privately delayed or otherwise undermined these initiatives.¹²⁴ More broadly, Lula has cast himself as the voice of the moderate left in Latin America, an alternative to the populist vision put forward by Chávez. Brazilian policymakers, says one observer, “are trying to contain Chávez as much as they can.”¹²⁵ In Brazil as in Uruguay and Chile, social democratic diplomacy is broadly congruent with U.S. interests.

The Center-Right: Colombia and Mexico.

This trend toward possibilist economic trajectories and responsible governance is not the peculiar province of center-left governments; it is also evident in the policies of center-right administrations in countries like Mexico and Colombia. In terms of economic and social policy, this latter group differs relatively little from the center-left governments discussed above. In Colombia, Uribe has continued his country's traditionally sound macroeconomic policies and concluded an FTA with the United States while undertaking rural development projects meant to incorporate poor farmers and laborers into the formal economy and thereby undercut illicit coca cultivation. In cooperation with the U.S. State Department and the U.S. Agency for International Development (USAID), the government has sponsored the construction of economic infrastructure in the countryside. It has also implemented financial and technical assistance programs that offer tools, livestock, and grants to farmers who pledge to abandon coca cultivation.¹²⁶ Persistent insecurity and funding shortfalls have sometimes hampered implementation of these programs, but they still represent the most concerted effort in decades to bring sustainable, licit development to the Colombian countryside.¹²⁷

These development projects are part of a broader attempt to meet the need for a strong, democratic state that can exercise effective governance and uphold the rule of law. The lack of such capacity has long been evident throughout Latin America, but it was perhaps most glaring in Colombia. Rugged geography and political violence—evident most recently in the rise and exploits of the FARC—limited the reach of the

central government, which was itself pathetically weak. The Colombian government lacked reliable tax collection mechanisms, and its failure to maintain a monopoly on the use of force gave impetus both to a thriving rural insurgency and to the formation of powerful paramilitary groups in the late 1990s and the early part of this decade. By the late 1990s, Colombia was suffering from a three-way civil war between the FARC, the government, and the paramilitaries. Bogota exercised no real authority in much of the country (40 percent of which was controlled by the guerrillas), and the FARC was threatening to envelop the capital and perhaps overwhelm the government.¹²⁸

In response to this situation, Uribe's government has not simply launched a vigorous counterinsurgency against the FARC and its ally, the National Liberation Army (ELN); it has also undertaken a massive state-building project. The Colombian government has strengthened the notoriously weak tax collection system, reasserted a monopoly on the legitimate use of force by demobilizing 30,000 paramilitary fighters, and extended a police and government presence into areas that had long been effectively beyond Bogota's control. The armed forces and the police have worked to reduce and prosecute human rights violations, increase professionalism, and win the confidence of the population. In rural areas, the government introduced mechanisms for alternative dispute resolution as a means of allowing citizens to avail themselves of a still-underdeveloped legal system. As two prominent analysts observe, the military aspects of counterinsurgency in Colombia are simply part of a "broader agenda of social and economic development and institutional renewal and reform."¹²⁹

The counterpart to this agenda has been a close alliance with the United States. Between 2000 and

2008, the United States provided roughly \$7 billion in security, development, and other aid to Uribe and his predecessor, Andres Pastrana.¹³⁰ Much of this aid has gone toward traditional security objectives such as improving intelligence collection and upgrading the size and capabilities of the Colombian armed forces. Substantial portions, however, have also been devoted to improving the professionalism and human rights practices of the security services, constructing *casas de justicia* and implementing rural development projects, and strengthening judicial institutions.¹³¹ U.S. contractors, civilian officials, and uniformed military have been deeply involved in counterinsurgency, counternarcotics, development, and other programs in Colombia, to the extent that the Colombian conflict is sometimes referred to as America's "number three war."¹³² This relationship is crucial to counterinsurgency and state-building in Colombia, and it has also given the United States a firm strategic alliance in the most volatile part of Latin America.

This partnership has helped Colombia make enormous strides in the past decade. Human rights violations are down; confidence in government is up. There is now a police presence in all of Colombia's municipalities (an unprecedented achievement in a country where the central government has long been defined by its weakness), and murder and abduction rates have fallen dramatically. Development programs and strong economic growth have helped more than 2 million people escape extreme poverty, and the Colombian government is stronger and more effective than perhaps ever before.¹³³

Nevertheless, several negative trends persist. The FARC still controls large swaths of territory. Paramilitary influence in national politics is worry-

ingly strong, and the government still struggles to meet the needs of the rural poor and more than one million internal refugees. Colombian democracy has been strengthened under Uribe, but the president's personalistic style and his dislike for presidential term limits are somewhat troubling in light of recent trends in Venezuela, Bolivia, and elsewhere. If these various challenges are not overcome, they may ultimately militate against the consolidation of the gains made in recent years.¹³⁴

While facile (and mostly negative) comparisons between Mexico and Colombia have become common of late, in terms of governance there are important similarities between the two countries. Since the National Action Party (PAN) broke the 70-year monopoly of the Institutional Revolutionary Party (PRI) in 2000, Presidents Vicente Fox and Felipe Calderón have combined the progressive liberalization of the economy with social initiatives not dissimilar to those found in Brazil, Chile, and Uruguay. The *Oportunidades* (formerly *Promesas*) initiative is actually the model for those South American programs; it promotes "co-responsibility" by providing free health care and a monthly wage to the extremely poor on the condition that they send their children to school and attend regular medical appointments. Over the past 9 years, Fox and Calderón have steadily expanded *Oportunidades*, which has helped reduce extreme poverty as well as the incidence of sickness and low birth-weight among the poor. The program has incrementally grown to the point where it serves roughly one-fifth of the population and, according to Center for Global Development president Nancy Birdsall, is "as close as you can come to a magic bullet in development."¹³⁵

As in Colombia, moreover, the Fox and Calderón governments have worked to increase the credibility, effectiveness, and institutional capacity of the state. Though the PRI did construct a few effective institutions (namely the Federal Electoral Institute) during its last decade in power, it also left a legacy of judicial dysfunction, human rights violations, corruption, a cozy relationship with drug cartels, and entrenched popular cynicism with government. Subsequent PAN administrations have worked to redress these deficiencies. In some areas, progress has been glacial; in others, reform has proceeded more expeditiously. In 2007, Calderón overhauled a weak tax system that had long forced the government to siphon off funds from the state oil company, thereby corroding the long-term health of both entities. Calderón then launched a thoroughgoing reform of the judiciary, which was so weak and corrupt that only 1-2 percent of crimes were punished.¹³⁶ Most visibly, in 2005 the Mexican government began an ongoing offensive against drug cartels that, abetted by the long-standing system of “narcocorruption,” were increasingly challenging the authority of the state in some areas. This offensive entails the rapid deployment of troops and police to drug-trafficking hot spots around the country, as well as unprecedented—if still inadequate—steps to purge local, state, and national police forces of corrupt officers.¹³⁷

This program has accelerated the recent evolution of Mexican diplomacy. In the 1990s and early 2000s, Mexican foreign policy gradually shifted away from a historically suspicious attitude vis-à-vis the United States and toward a greater degree of security and political engagement with Washington. Calderón has strongly affirmed this shift; aside from playing a

constructive regional role by sponsoring development projects in Central America and concluding “strategic association agreements” with countries like Chile, his administration has taken the current drug-fueled crisis in Mexico as an opportunity to forge a strategic partnership with the United States.¹³⁸ In late 2007, Calderón and Bush announced the Merida Initiative, a multi-year counternarcotics program aimed at Mexico and Central America. The initiative entails an unprecedented level of U.S. assistance for counternarcotics, public security, institution-building, and judicial reform initiatives in Mexico. Mexican officials say that the main theme of the program is “co-responsibility,” and a joint U.S.-Mexican statement refers to the Merida Initiative as a “new paradigm” in bilateral security relations.¹³⁹ Though academic observers have raised questions as to how effective the Merida Initiative will be in stemming the flow of drugs to the United States, it is nonetheless clear that Calderón’s agenda presents Washington with a unique opportunity to strengthen ties with its neighbor to the south.¹⁴⁰

That said, the ultimate success of Calderón’s efforts is yet to be determined. The positive results from his program have so far been overshadowed by a bloody drug war. Competing drug cartels that have long benefited from the weakness of the state have responded to Calderón’s crackdown by launching a violent assault against the government. Executions of police officers, soldiers, and even high-level government officials are common, and the overall death toll from drug-related violence reached nearly 6,000 in 2008. In some areas, the cartels are so powerful and the forces of order so weak or corrupt that the authority of the government threatens to give way altogether. Calderón’s offensive

has also been hampered by persistent police corruption and the very institutional weaknesses he seeks to redress. Military deployments have helped tamp down on violence in some areas, but there are fears that prolonged use of the military in a domestic policing role may lead to increased human rights abuses and corruption within that institution. In Mexico as in Colombia, the outcome of an ambitious state-building project remains to be seen.¹⁴¹

What is certain is that social democratic and center-right governments cut a sharp contrast with the populist revival. These governments are attentive to social issues, but also heed the imperatives of state-building, macroeconomic sustainability, and the rule of law. They have strong conceptions of their own national interests, but recognize the benefits of and the unavoidable need for cooperation with the United States. To the extent that these possibilist trajectories can be consolidated and strengthened, the consequences should be beneficial for both Latin America and the United States.

IMPLICATIONS AND POLICY RECOMMENDATIONS

The current state of Latin American politics offers both challenges and opportunities for the United States. On the former count, persistent failures of governance and a lack of basic economic and social equity have given rise to a populist revival with troubling implications for regional politics. Populist governments in Argentina, Nicaragua, Venezuela, Bolivia, and Ecuador stir public anger and promise “maximalist” solutions to deep-rooted problems. Their policies, however, are generally unsustainable,

polarizing, clientelistic, and corrosive to democratic procedures and institutions. Chávez and his cohort have also fanned anti-American sentiment, sought to cultivate extra-hemispheric powers as counterweights to U.S. power, and, in some cases, pursued policies that militate against regional stability and effective diplomatic collaboration with the United States.

The severity of this challenge should not be downplayed, nor should it be overstated. Chávez's reach exceeds his grasp on most foreign policy questions, and, notwithstanding the issues raised above, populist diplomacy is more variegated than it sometimes appears. While Correa, Ortega, and the Kirchners have all taken steps that complicate U.S. aims in Latin America, they have also indicated that they remain open to certain forms of cooperation with Washington. Seen through this lens, the diplomatic implications of the populist revival may be more manageable than is sometimes thought.

Any reckoning with the populist revival also has to take into account the broader political landscape of the region. While some governments have responded to the current crisis in Latin America by pursuing a radical populist model, others have taken a far more constructive approach. Governments on both the center-left and the center-right have maintained liberal economic policies while working to expand opportunities for the poor, and are working to fortify democracy and redress long-standing deficiencies of governance. They pursue their national interests in ways that emphasize the need for collaboration with the United States, and they are unmistakably—if quietly—opposed to the diplomatic vision put forward by Chávez.

In light of the foregoing, the United States should pursue a three-pronged policy for managing the current political ferment in Latin America. First, in the short term the United States must take measures to mitigate the diplomatic fallout from the populist revival. Second, the United States should deepen its support for centrist governments as a means of promoting responsible domestic policies and fortifying the U.S. diplomatic position in the region. Third, over the longer term, the United States must help Latin Americans find creative, sustainable solutions to extreme poverty, weak and corrupt governance, public insecurity, and other issues that breed instability and radicalism.

With respect to the first of these goals, it is important to recognize that any strategy based on confrontation with, open hostility toward, or overt attempts to contain populist governments is unlikely to succeed. Such a policy would not be particularly effective; there is relatively little the United States can do to alter the course of events in Venezuela, Ecuador, Bolivia, Argentina, or Nicaragua. As the strongly negative regional reaction to the 2002 coup attempt against Chávez showed, moreover, any attempt to do so would backfire diplomatically. Leaders like Lula and Bachelet have little love for the populists, but they will strongly resist any policy having the effect or intention of sharpening ideological cleavages in the region. “We definitely do not want a new Cold War in the Americas,” says Bachelet. A policy of overt containment would have the result not of isolating the populists, but of isolating the United States.¹⁴²

Containment would be counterproductive in more ways than one. Leaders who trade in anti-American rhetoric welcome the hostility of the United States.

It lends substance to their accusations and provides them with a whipping boy for their own failures. Tacit U.S. support for the 2002 coup in Venezuela has been the gift that keeps on giving for Chávez; he has since used this event to justify any number of authoritarian measures.¹⁴³ In the same vein, hostile comments directed at Chávez, Morales, and Ortega have had little effect other than to drag Washington down to these leaders' level and allow them to wrap themselves in an anti-imperialist banner. Finally, to the extent that Washington effectively declares its opposition to a certain category of governments, it risks driving them together, thereby encouraging a more cohesive anti-U.S. coalition and promoting the very outcomes we should seek to prevent. This does not mean that the United States must remain inactive in the face of destructive and sometimes unfriendly policies, but it does suggest that discretion is often the better part of valor in dealing with populist leaders.

Indeed, from a short-term perspective the best way of handling Latin American populism may be through selective engagement rather than overt containment. While certain observers have argued against building "alliances of convenience" with populist leaders, such a policy represents the least bad option for bounding the immediate diplomatic and strategic fallout from the populist revival.¹⁴⁴ The simple fact is that Washington needs the cooperation of populist governments to deal with issues ranging from counterterrorism to counternarcotics to regional stability. There is little prospect that the United States will get much help from Chávez on these counts, but so far Correa, Ortega, and the Kirchners have been willing to preserve these aspects of their relations with Washington. To the extent possible, the United

States should maintain these partnerships and seek out additional avenues of mutually beneficial cooperation. Possibilities include support for Plan Ecuador (Correa's initiative to strengthen security and development in the border region), countergang initiatives in Nicaragua, and measures to stem the growth of drug trafficking and drug-related violence in Argentina.¹⁴⁵ Expanded collaboration with these leaders will not diminish their rhetorical antipathy to the United States, nor will it address the undesirable domestic consequences of populist rule. But it will somewhat lessen both the damage to important U.S. security initiatives and the negative strategic implications of the populist revival.

Just as important, this approach holds the possibility of exacerbating divisions between populist governments in Latin America and thereby reducing the effectiveness of Chávez's anti-hegemonic diplomacy. To the degree that leaders like those in Ecuador, Nicaragua, Argentina, and perhaps even Bolivia see continuing value in their relations with the United States, they are less likely to join the Venezuelan president in his more thoroughgoing assault on U.S. interests. There are already signs of friction in this regard; Chávez has shown frustration with Correa's ambiguous diplomacy and Ortega's efforts to keep a foot in both camps.¹⁴⁶ Accordingly, if the United States can preserve working relations with certain populist governments, it may be able to isolate Chávez effectively without bearing the diplomatic costs associated with a more transparent effort at containment.

To be sure, conciliation should not be the only aspect of U.S. policy. Washington should not remain silent if populist leaders blatantly trample democratic practices, as happened in the 2008 elections in Nicaragua, or if they engage in behavior — facilitating

a Hezbollah presence in Latin America, for instance, or sponsoring an insurgency meant to topple a U.S. ally – that is seriously injurious to U.S. security or diplomatic objectives. In such instances, the United States should not hesitate to defend its interests, make its displeasure known, or bring diplomatic pressure to bear on the offending government.

In doing so, however, the U.S. officials must be mindful of two factors. First, a total breakdown in relations is not desirable, simply because of the transnational nature of many security threats in Latin America and the corresponding need for maximum international cooperation in addressing them.¹⁴⁷ Second, any scenario in which the United States finds itself in a one-on-one confrontation with a populist leader is likely to turn out badly for Washington. Shrewd leaders like Chávez or Morales will simply seize this opportunity to claim that they are standing up to the empire. As Alexander Crowther points out, “If the U.S. Government gets into an argument with Chávez, it will lose.”¹⁴⁸ Accordingly, a carefully calibrated response and broad multilateral coordination through bodies like the OAS or other international forums will be essential. In this sense, the U.S. response to the 2008 electoral fraud in Nicaragua was appropriate. The Bush administration froze Nicaragua’s Millennium Challenge Account and called for an impartial recount, but acted in concert with the European Union and other foreign aid donors and left other bilateral and multilateral initiatives involving Nicaragua in place.¹⁴⁹

Support for centrist governments should be a second key component of U.S. policy. Insofar as the United States can strengthen its ties to moderate administrations in Brazil, Mexico, Chile, and elsewhere, it will firm up the U.S. diplomatic position in the

region and encourage the consolidation of responsible alternatives to populism. The United States must show that democracy can “deliver the goods” for ordinary Latin Americans, said Shannon in 2007; fostering deeper partnerships with centrist regimes can help Washington make this case.¹⁵⁰ This support should be substantial but not overbearing; even for Latin American leaders who are essentially friendly to the United States, too chummy a relationship with Washington can be a political liability in some quarters.

So far, U.S. officials have done fairly well in this regard. The Bush administration concluded FTAs with a number of Latin American countries, including Chile, Colombia, and Panama (another country ruled by a pragmatic, center-left government). Bush cultivated relatively strong personal relationships with Lula and Vázquez, and U.S. officials have lent firm verbal backing to governments of the moderate left. The United States has been deeply involved in counterinsurgency and state-building in Colombia over the past 10 years, and the Merida Initiative represents an unprecedented commitment to Mexican security and stability.

At the same time, there remains a perception that the United States has failed to make good on many of its promises to the region. Congress has refused to ratify FTAs with Colombia and Panama, much to the embarrassment of the leadership in those countries. Lula has been justifiably frustrated because U.S. tariffs and agricultural subsidies render Brazilian ethanol uncompetitive in the U.S. market, and other Latin American leaders have issued similar complaints.¹⁵¹ With regard to Mexico, there have been major delays in releasing funds and equipment related to the Merida Initiative. “The Merida plan has been overly publicized,” says one Mexican official, “but with very

little actual effect for the magnitude of problems that we are facing.”¹⁵²

President Barack Obama and the Democratic majority in Congress have been cool to certain Latin American initiatives undertaken by the Bush administration (particularly the Colombia FTA).¹⁵³ Nonetheless, they would do well to address these outstanding issues in expeditious fashion. The rejection of the FTAs with Colombia and Panama would raise serious doubts as to the value of cooperation with the United States, and would constitute severe political blows to Uribe and Panamanian president Martín Torrijos. This outcome would be particularly damaging at a time when these countries greatly need freer access to foreign markets to mitigate the domestic effects of the global recession, and when the region as a whole faces a choice between two opposing economic philosophies.¹⁵⁴ Similarly, with the Calderón government being hammered by cartels that derive their profits largely from U.S. domestic drug consumption, a failure to follow through on existing commitments to Mexico risks squandering recent progress in U.S.-Mexican affairs. If the United States seeks to promote constructive alternatives to populism, it needs to show that responsible choices will bring real benefits for Latin American governments.

This also means thinking creatively about additional ways of strengthening partnerships with center-left and center-right governments. Academics and policy analysis have recently floated a number of such proposals, including expanded bio-fuel and liquid natural gas arrangements with Brazil, incorporating “social cohesion” funds into future FTAs, and addressing broken immigration policies that provide an easy target for anti-American politicians in Latin America. To this list we might also add the restoration of military-to-military contacts that

have frayed considerably since the 1970s, increased diplomatic coordination on regional stability issues, and numerous other initiatives. The point here is not to provide a comprehensive schema for U.S. relations with moderate leaders in Latin America, but simply to stimulate innovative thinking regarding the need to improve and deepen those relations.¹⁵⁵

This need for innovation is directly related to the third imperative of U.S. strategy – a broader campaign to combat the various ills that breed cynicism, resentment, and radicalism. As Francis Fukuyama writes, “It is . . . incumbent on anyone earnestly interested in democracy in Latin America to formulate a serious social-policy agenda – one that targets substantial resources at the crucial problems of health, education, and welfare, but does so in a way that produces real results.” From a U.S. perspective, this means crafting and supporting programs that offer creative, holistic approaches to issues like public insecurity, extreme poverty and a lack of human capital, governmental corruption, and the weak or politicized provision of essential services. The need is for “social-policy entrepreneur[s] willing to experiment with new approaches, to learn from others, and more important, to abandon initiatives that are not bearing fruit.”¹⁵⁶ Only through this process of experimentation and innovation will the United States and its partners in the region provide a lasting antidote to the allure of demagogic politics and ensure a more stable constellation of political and social forces in Latin America.

Offering a fully detailed blueprint for improving social policy and human security in Latin America is beyond the scope of this monograph. It is worth noting, however, that examples of successful policy entrepreneurship are already evident in the region.

The *Oportunidades* and Family Stipend programs; the participatory budget project in Brazil; community policing and gang-member reintegration initiatives in Central America; professional exchanges between U.S. and Latin American law enforcement agencies; proposals to create social investment funds and provide mortgage guarantees totaling nearly \$400 million to Latin American families: These and other programs demonstrate the sort of effort that will be necessary to make more Latin American citizens stakeholders in stable, democratic systems.¹⁵⁷ In the coming years, these types of initiatives will need to be expanded, refined, and partnered with projects that increase not simply the availability but also the quality of primary and secondary education. It may also be wise to consider ways of helping Latin American countries weather the impact of the current global recession, as political radicalism and economic instability have historically been mutually reinforcing.¹⁵⁸

Latin America is at an important watershed. Old labels like left and right are no longer adequate to describe the political scene; the real divide is now between those who strive for good governance and those who focus on the mobilization of mass grievance. The United States can turn this situation to its advantage and promote a more stable, secure, and democratic Latin America. It can only do so, however, with the proper mix of policies, a willingness to be creative, and a sense of enduring commitment.

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